CMHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

Construction up again in 2001

Fourth Quarter, 2000

Overview

Starts:
2000: +3.2 %
2001: +3.9 %

Resales:
2000: -1.5 %
2001: +3.6 %

Starts: Look for starts to rise to 154,800 this year and 160,900 in 2001. Gains will be tied to job and income growth, consumer confidence, rising migration, and stronger house prices. These positives will outweigh the negative effect of higher mortgage rates this year and a slower but still healthy economy next year.

Resales: After edging down this year, sales of existing homes will top the 1999 record next year, rising 3.6 per cent. British Columbia and Ontario will lead growth in 2001, Quebec this year.

Prices: Look for increases in resale prices to approach the strong pace from last year. Expect price gains of around 3.5 per cent in both 2000 and 2001.

Details on page three.

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

The Nation's HOT SPOTS

Ontario: Following the surge in building in 1999, look for strong but less spectacular gains this year and next year (See Page 13).

Alberta: Growth in the energy and manufacturing sectors will keep construction at levels not seen since the early 1980s (See Page 10).

Local Markets: In 2000-2001, **Ottawa** will enjoy the strongest growth in starts of any major centre in Canada. (See Pages 26-27).

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CMHC SCHL

HOME TO CANADIANS
Canada

CMHC—HOME TO CANADIANS

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ISSN 1488-6537

Upcoming PDF Release Dates

First Quarter 2001 — January 22
Second Quarter 2001 — April 17
Third Quarter — July 17
Fourth Quarter — October 17

National Housing Outlook

In Detail

Singles steady, multiples strong in 2001

Construction of all types of homes except row houses will rise this year. Semi-detached starts will set the pace followed by singles. Next year, row starts will rebound, with all other types posting respectable gains.

Widespread growth in singles this year

Single starts will climb 4.5 per cent this year, slowing to 3.1 per cent next year. Construction will be up in most provinces this year. In 2001, only Saskatchewan and British Columbia will buck the trend to slower growth.

Multiples strengthening, but volatile

Thanks to a jump in row activity, multiple starts will accelerate next year. Starts in Nova Scotia and New Brunswick will surge this year but drop in 2001. In contrast, significant gains in Manitoba, Saskatchewan, and B.C. next year will come on the heels of declines this year. Ontario will enjoy strong growth in both years.

Rental construction rising gradually, condos stable

Look for rental starts to grow at a diminishing pace this year and next year and remain at low levels. Ontario will account for most of the increase. Starts will also rise in British Columbia. Condominium starts will drop slightly this year before edging up in 2001on the strength of gains in Ontario and B.C.

Record resale numbers next year

This year, higher mortgage rates as well as scarce listings in some markets will mean a dip in resales. Sales will hit an all-time high next year, with record volumes posted in Newfoundland, Quebec, Ontario, and Alberta.

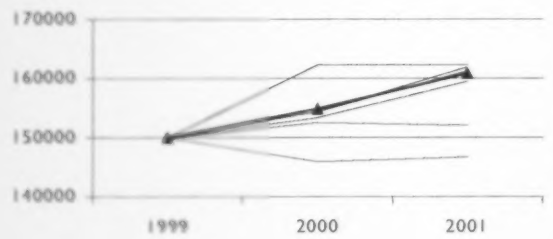
Prices up everywhere in 2000 and 2001

Resale prices will be up in all provinces. Look for price gains well above the rate of inflation in Ontario and Alberta. In Saskatchewan, a shortage of quality listings is keeping price growth below the levels of recent years.

Spotlight on FORECAST RANGES

The base forecast is the most likely of many possibilities

Housing Starts Forecasts, Canada
Different methods produce different results



Source: CMHC
2000-2001 forecast by CMHC

CMHC's housing starts forecast represents a consensus obtained from a variety of techniques and in-house expertise.

CMHC uses a range of methods to forecast housing starts. These include economic models that assess the effects of key variables on residential construction, purely mathematical extrapolations based on the recent trend in housing starts, qualitative review of key factors, demographic projections, and analysis at the regional level by CMHC's network of local market experts. The final forecast is a consensus derived from these various sources.

At present, extrapolative techniques, which factor in the starts decline in the strike-disrupted second quarter, produce relatively stable or even declining forecasts. Forecasts based on local analysis, reviews of key factors, and economic models show higher starts levels. Our base forecast reflects the effects of the social, economic, and demographic factors highlighted in these latter forecasts.

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Trends Impacting Housing

Positive Impact

- ✓ *Economy still strong*
- ✓ *Employment and incomes grow*
- ✓ *Consumers upbeat*

What to Watch For

- ✓ *Mortgage rates easing next year*
- ✓ *Migration to Ontario and Alberta*

The Economy

In the second quarter, the economy grew at a robust 4.7 per cent annual rate, following 5.1 per cent gains in the two previous quarters. Steady consumer spending, soaring business investment, and continued growth of the U.S economy, albeit at a moderating pace, point to a healthy Canadian outlook. Look for growth of 4.8 per cent this year, dropping to 3.5 per cent in 2001.

Interest rate hikes by the U.S. and Canadian central banks in the past year are expected to curb the rate of expansion on both sides of the border. Slower growth in the U.S. will reduce demand for Canadian exports. Some recent data have suggested the long-awaited cooling in the U.S may finally have begun. The current consensus is that the slowdown will be gradual — a soft landing.

Mortgage Rates

Although low by 1990s' standards, mortgage rates will remain subject to upward pressure in coming months, sparked by higher energy costs, robust economic growth, and higher interest rates in Europe and the U.S. Rates will ease once fears of inflation begin to subside. Through the end of next year, look for one-year rates in the 7.50-8.25 per cent range, three-year rates between 8.00 and 8.50 per cent, and five-year rates from 8.25 to 8.75 per cent.

Consumers

Confidence increased modestly in the third quarter. Consumers are as upbeat as at any time since the late 1980s. Consumer spending has been steady and should remain strong given a backdrop of rising incomes and tax cuts. In July, retail sales, which were volatile earlier in the year, rose for the third month in a row. Given these positives, the recent volatility of Canadian equity markets should not unduly dampen the mood of consumers.

Employment and Incomes

Although job creation slowed in recent months and the unemployment rate ticked up, strong labour markets will continue to support home building. 1999 was the best year of the 1990s for job creation. Business investment is accelerating, fueled by tight capacity and rising profits. Productivity should benefit from this investment. Economic growth, though moderating, will remain robust. As a result, look for decelerating but still healthy employment gains this year and next.

Canadians have more money in their pockets. Federal tax cuts kicked in in July. Disposable incomes are growing more rapidly than a year ago. Thanks to a strong economy, employment growth, wage gains, and ongoing tax cuts, look for a continuation of robust disposable income growth this year and next year.

Migration

In 1998, when Asian economies floundered, immigration plunged, and net migration to Canada hit bottom. Since then, immigration has fully recovered, rising in the second quarter of 2000 to an annual rate of around 220,000, near the top of the official target range of 200-225,000. Look for immigration to remain strong, given improved Asian economies and introduction of new administrative measures designed to achieve government targets. Increased arrivals will mainly benefit construction in the four largest provinces.

Within Canada, Ontario remains the top destination for interprovincial migrants, followed by Alberta. Look for Ontario to lead in coming months. Although somewhat lower than a year ago, outflows from B.C. continue. With Ontario and Alberta exerting a strong pull on job seekers, expect migration to B.C. in coming months to remain subdued by comparison to the large gains of the first half of the 1990s.

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Trends at a Glance

Key factors and their effects on home building

Factor	Comment	Impact 2000	Impact 2001
Mortgage rates	Easing next year.	👎	👍
Employment	Solid gains expected, building on exceptional years in 1998 and 1999.	👍	👍
Incomes	Will benefit from strong labour market and tax cuts.	👍	👍
Net migration	Recovering from trough in 1998.	👍	👍
Household formation	Should increase as a result of improved net migration and job and income gains. More individuals and families can afford to live independently.	👍	👍
Consumer confidence	Expected to remain high.	👍	👍
House prices	Rising prices stimulate construction, while homeownership affordability remains high given income gains.	👍	👍
Unoccupied units	Low inventories a positive signal to builders.	👍	👍
Vacancy rates	Rental markets to remain tight.	👍	👍
Construction costs	Recent moderation in material cost increases to continue next year as U.S. economy and housing market slow.	👎	👍
Profits	Rising house prices good for profits.	👍	👍

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Profile of Canadian Homebuyers

About 500,000 households buy homes each year in Canada. This is an important market for retailers and manufacturers of construction materials, given the significant expenses associated with buying a home.

Data from Statistics Canada's Survey of Household Spending for 1997 and 1998 provide details on the characteristics of homebuyers (such as age, household type, income, and Internet use) and their preferences.

The 25-44 age group accounts for the majority of home purchases

Nearly 65 per cent of home purchases are made by buyers in the 25-44 age group. Within this group, people aged 25 to 34 made 32 per cent of purchases and people 35 to 44 made 33 per cent. The percentages are roughly the same in each of Canada's five regions. Those aged 45 to 54, although less active in the market, accounted for 17 per cent of sales.

Older households less tempted by single-detached houses

The type of housing people buy varies significantly by age group. Very young and older households choose semi-detached, row, and apartment dwellings over single-detached homes. Affordability, space needs, and lower maintenance requirements are behind this preference.

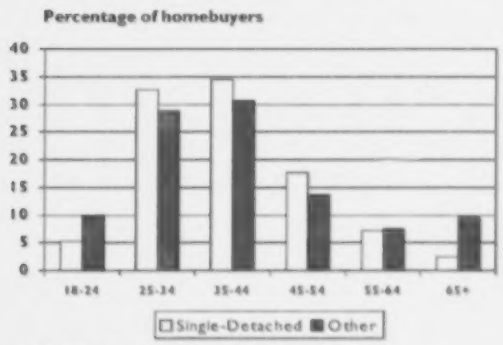
While the 45-and-older age group accounts for a limited share of sales, the proportion will rise in coming years given anticipated growth in the number of households in this age group. .

These older buyers are most likely to be interested in new homes that meet their need for accessibility and proximity to services and public places. Older households are also likely to be interested in renovations to upgrade their existing homes, since many will opt to stay in their current homes.

Clear regional preferences

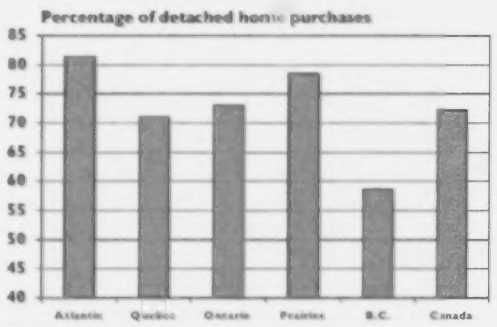
More than 72 per cent of purchases are single-detached houses. The share of single-detached homes is highest in the Atlantic provinces (81 per cent) and the Prairies (79 per cent). By contrast, buyers in British Columbia are more likely than those in other regions to choose multiple housing. These patterns reflect the price levels of detached homes.

A Majority of Buyers Are 25-44



Source: Statistics Canada.

Detached Home Purchases Less Common in B.C.



Source: Statistics Canada.

Couples buy detached housing, singles buy multiples

Couples—with or without children—buy single-detached houses. Couples with children make up 53.5 per cent of single-detached buyers and couples with-

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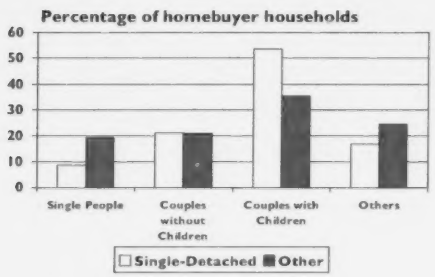
out children, 21 per cent. Single persons make up 8.6 per cent of single-detached buyers and other types of households almost 17 per cent. These figures are similar in every region.

In contrast, a higher proportion of purchasers of multiple dwellings were either single persons (19 per cent) or other types of households (24.5 per cent). These figures will likely increase over the next few years with the anticipated growth in the number of single-person households.

Couples with Children Most Common Type of Buyer



Source: Statistics Canada.

Most buyers are purchasing their first homes

About 55 per cent of homes bought across Canada were purchased by first-time buyers. Regionally, there are some differences. In Ontario, the proportion of first-time buyers was below the national average.

Sellers turn to more expensive homes

Most households that sold their homes bought another house of higher value. Across Canada, around 60 per cent of these buyers paid at least five per cent more for their new home, 30.3 per cent bought a house at least five per cent less expensive, and nine per cent paid roughly the same price (an increase or decrease of less than five per cent).

The median difference between purchase and selling prices was 17 per cent in 1997 and 1998. Close examination shows that a quarter of all buyers paid at least 45 per cent more for their new residence. At the other end of the spectrum, one out of every four buyers opted for a home selling for at least 12.5 per cent less than their previous home.

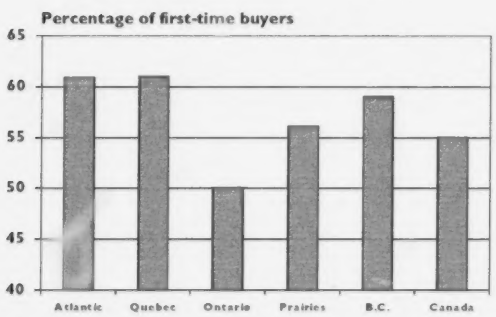
Regional figures reflect national trends, except in Quebec, where only 44 per cent of buyers paid at least 5 per cent more for their new home and 45 per cent paid at least 5 per cent less.

Home buyers have higher incomes

There are clear income patterns: home buyers earn an average of 16 per cent more than the average for all households. The greatest income gaps are in Atlantic Canada, Quebec, and the Prairies.

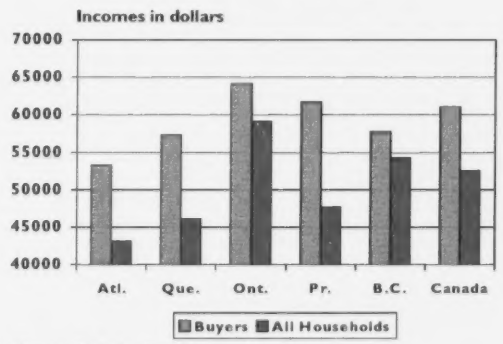
The higher incomes of home buyers do not offset the additional costs related to the new home, at least not in the first year. The share of after-tax income spent

First-Time Purchases Less Common in Ontario



Source: Statistics Canada.

Incomes of Homebuyers Higher Than Average



Source: Statistics Canada.

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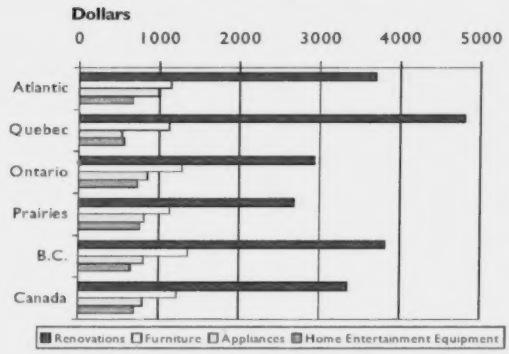
on housing by homebuyers is greater than that of all households.

There are various reasons for this. First, housing-related costs include appraisal fees and land transfer taxes. These non-recurring expenses increase the burden on buyers in the first year of homeownership.

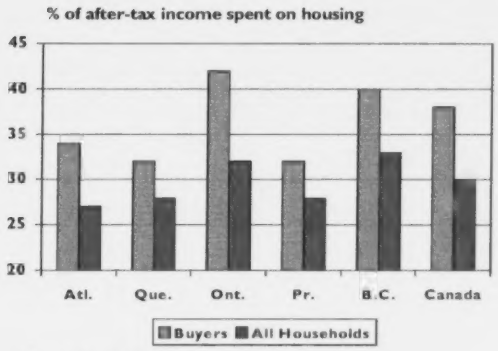
In addition, the higher value of the new residence and the shift from renting to owning often mean an increase in regular payments. For most purchasers, mortgage payments and municipal taxes are higher than the rent they paid.

Other Spending Accompanies Home Purchases



Source: Statistics Canada.

Homebuyers Spend More on Housing



Source: Statistics Canada.

The Internet: a tool of choice to reach this client group

Since new homebuyers are mostly young, higher-income households, Internet use at home is higher than average. Data show that 27 per cent of homebuyers used the Internet at home in 1998, compared to about 20 per cent of all households. The increase in Internet access since 1998 and the more intensive use of the Internet by this group are indicative of the Web's potential to reach these clients. ■

Renovations follow sales

Buyers spend a great deal to equip their new homes, putting off the purchase of other goods and services. Renovation and repairs are the largest type of expense. In 1997 and 1998, the total cost of such work averaged close to $3,400 in Canada. Average renovation expenses were highest in Quebec, at more than $4,800. In comparison, renovation and repair expenses averaged only $1,402 for all households in Canada.

Other categories of spending benefit from home sales. The national averages for furniture and household appliance purchases are two to four times higher for homebuyers than for all households. Home entertainment equipment purchases are higher by a third.

The figures in this article are drawn from Statistics Canada's Survey of Household Spending. Data for 1997 and 1998 were combined in order to obtain reliable statistics for the five regions of the country.

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British Columbia

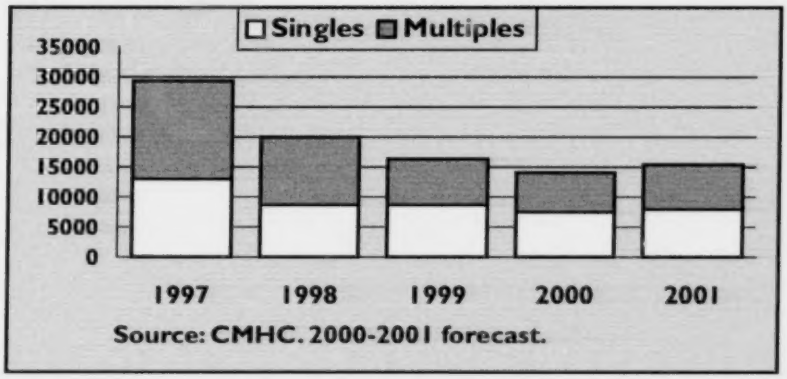
Overview

Housing starts revised to 14,100 for 2000.

Housing starts and MLS activity levels rose strongly in the last quarter of 1999, and all signs pointed to better times for B.C.'s homebuilding industry in 2000. But this did not transpire. We now expect 14,100 total starts this year, and levels could be as low as in 1962 when 13,892 starts were recorded.

Consumer confidence in B.C. remains weak, putting pressure on interprovincial and international migration to generate housing demand. Consumer confidence will probably remain weak until more business investment occurs. Due to strong economic growth in Alberta and Ontario, B.C. is suffering a net loss of interprovincial migrants looking for jobs. While high levels of international immigration have been positive for the B.C. housing market, the number of business class immigrants has declined by approximately 80 per cent since the mid-1990s.

B.C. Starts



Source: CMHC. 2000-2001 forecast.

The drop in new home construction has not resulted in a general lowering of costs, as might be expected in a weak market. In fact, the total cost to build a new home is increasing in most areas, leading to stagnant new construction levels across the province. While this pricing maintains existing homeowners' equity, such high house costs make it difficult for potential home buyers to enter the market.

The one bright spot is that renovation, custom homes, and non-residential construction are keeping the trades busy.

In Detail

Single Starts: Single starts will decline modestly this year as developers face higher housing costs that are difficult to pass through to consumers given market weakness.

Multiple Starts: Multiple-family housing demand is up at the high end of the market, particularly for concrete construction. In **Vancouver**, absorptions of new condominiums priced above $500,000 have more than tripled so far this year compared to the same period in 1999.

Resales: Demand for resale housing will be down 14 per cent this year. Sales to first time-buyers will decline between 15 and 20 per cent in most markets in the face of higher mortgage rates, weak growth in real personal income, and low consumer confidence.

Prices: In some resource-dependent communities, poor economic conditions have led to soft house prices. In urban areas, by contrast, falling housing starts have cut supply, helping to maintain house values. Overall, house prices have been quite resilient.

Strong consumer preferences for homes in high-amenity urban neighbourhoods have resulted in price appreciation within some niche markets. This demand is the result of wealth gains arising from stock market appreciation and rising incomes generated by employment growth in high-technology business parks.

Spotlight on FILM and TELEVISION

Industry exceeded $1 billion in 1999

Film and television has become a key industry in the B.C. economy. In 1999, production reached a record high $1.07 billion, up from $176 million in 1991. About 15,000 people in B.C. are directly employed in this sector, while an estimated 20,000 additional jobs indirectly result from the film and television sector. Foreign-based films represent 65-70 per cent of all production. This activity generates demand for high-end rental apartments leased by film and television companies. The industry outlook is dependent upon a low Canadian dollar, which gives B.C. film and television producers a significant competitive advantage over their U.S. counterparts.

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Alberta

Overview

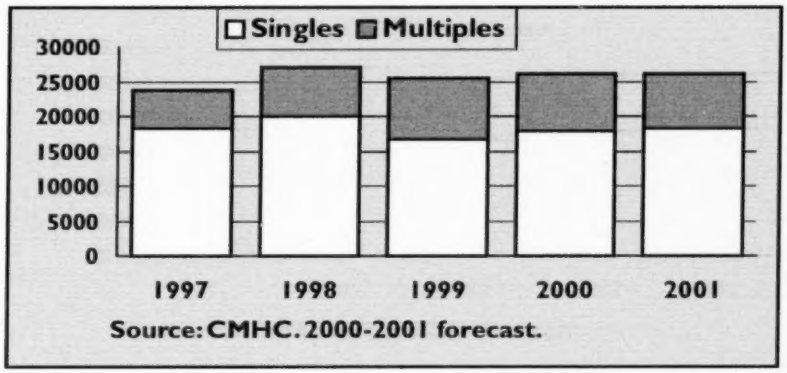
Strong economy maintains housing activity.

Alberta will enjoy one of Canada's fastest growing economies in 2001. The strength of the energy and manufacturing sectors, a strong labour market, and the prospect of tax cuts will bolster consumer confidence and spending.

The strong economy means that people from other provinces and countries will continue to view Alberta's job prospects favourably. In 2001, migrants from British Columbia should be the major interprovincial contributors to Alberta's population growth, albeit at a lower pace than in previous years.

The combination of high consumer confidence and population growth will boost resale and starts activity as first-time and move-up buyers enter the housing market.

Alberta Starts



Source: CMHC. 2000-2001 forecast.

As a result of the economic expansion of the late 1990s, Alberta's share of overall Canadian housing starts increased from about 13 per cent in 1995 to nearly 17 per cent in 1999. This share may decline slightly in 2001 if builders curtail multiple starts in reaction to concerns over rising multi-family inventory in **Calgary** and **Edmonton**.

Nonetheless, tight resale and rental markets will result in another solid year for new construction. Total starts should exceed 25,000 units for the fourth consecutive year. About two-thirds of these starts will occur in **Calgary** and **Edmonton**.

In Detail

Single Starts: Buoyed by strong construction activity throughout the province, single starts will increase by 6.4 per cent in 2000 and a further 3.1 per cent in 2001. While the activity forecast for next year will fall short of the 1998 peak, it will still be the second best performance on record in the past twenty years.

Multiple Starts: Despite concern over rising inventory levels in **Calgary** and **Edmonton**, multiple-family construction remains quite robust in Alberta. Multiple starts reached a 17-year high in 1999. Though starts in 2000 and 2001will not match the 1999 level, the output will qualify as the best two-year performance since the late 1970s.

Resales: Currently, the major limit to higher sales appears to be a lack of MLS listings. For example, in centres such as Edmonton, a strong "for sale by owner" market has emerged in recent months. Despite this phenomenon, resales will reach new records this year and next year.

Prices: The average MLS price has risen over the past five years and will continue to increase. While prices in **Ft. McMurray** and **Calgary** are similar to levels in major centres in B.C. and Ontario, the average price in Alberta will continue to trail the national average.

Spotlight on MIGRATION

Over the past five years, Alberta has gained over 110,000 people through interprovincial migration. A significant portion of these migrants are from Ottawa, Montreal, Toronto and Vancouver.

The results of this migration are particularly evident in Calgary. Resales there have increased by about 55 per cent over the past five years and the average residential price has jumped nearly 26 per cent. In the new home market, single-detached starts reached an all-time high in 1998 and continue to be robust.

Given the improved economic picture in other provinces, Alberta will now have to rely more on international migration to contribute to growth in housing demand.

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Saskatchewan

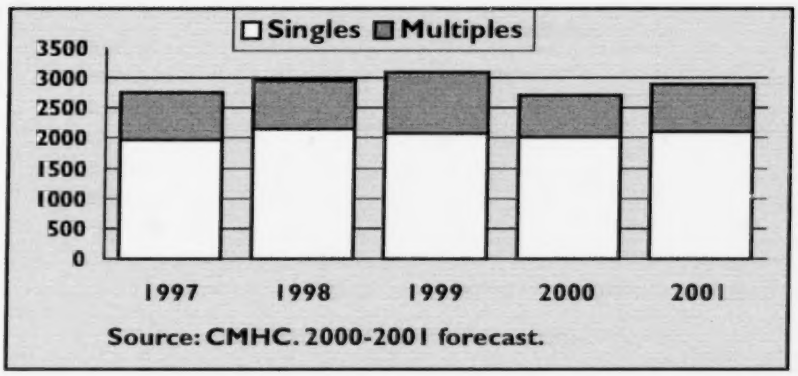
Overview

Robust economy fuels housing demand.

Economic output in Saskatchewan should increase by about 2.5 per cent in 2000 and 2001. Investment levels will increase as the continued strength of oil and natural gas prices propels exploration and development activity. Exports will also be a source of growth, fueled by ongoing global economic expansion.

Sustained growth will produce one of the lowest unemployment rates in the country, despite high labour force participation. Over two-thirds of the working-age population is either employed or actively looking for work. The unemployment rate will dip from 5.1 per cent this year to 5.0 per cent in 2001. Most new jobs should be full-time, with the main beneficiaries being those aged 15 to 24. The strong labour market will boost wages and improve consumer confidence.

Saskatchewan Starts



Source: CMHC. 2000-2001 forecast.

Saskatchewan has recorded negative net interprovincial migration for 15 consecutive years. Despite the strong labour market, this trend will not be reversed in 2000 and 2001, given opportunities in other provinces. However, the negative impact of such population losses on housing demand will be offset by buoyant employment and wage growth.

Tight rental markets will likely cause tenants to consider homeownership. Meanwhile, a lack of good quality, affordable resale homes will drive the price of existing homes to new heights. These resale supply shortages will lift single and multiple housing starts in 2001. A significant portion of new housing demand will come from first-time buyers and seniors.

In Detail

Single Starts: Single starts will drop in 2000 but bounce back in 2001. Since 1997, single starts have hovered near the 2000-unit mark, apparently the limit of demand for homes designed for move-up buyers. Although builders have attempted to build at prices that would appeal to first-time buyers, land and building costs have placed most new homes beyond reach of many of these consumers.

Multiple Starts: Multiple starts dropped dramatically in 2000 after a building boom in 1999 temporarily flooded the **Saskatoon** market with condominium, life lease, and rental homes. The surplus has now been absorbed. **Regina**, absent from the multiple construction market until now, will see more units built as the economy improves.

Resales: Sellers' markets will prevail in the province as in-migrants, first-time buyers, and move-up buyers compete for the scarce supply of good-quality, affordable existing homes. The scarcity of quality listings will keep sales below the 1999 level.

Prices: Such supply shortages have made buyers more prepared to settle for existing homes deemed unacceptable a few years ago. The rising market share of these smaller, older homes is slowing average price growth. Price gains will be more modest than in the past few years.

Spotlight on SENIORS

Builders and developers would be well advised to become more familiar with the housing needs of seniors. At 16 per cent, Saskatchewan has the highest share of those aged 65 and over of any province. CMHC forecasts show this is one of the fastest growing segments of the population.

Already, this group is making itself felt in the new housing market. Almost one in three urban housing starts are targeted at this growing market segment.

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Manitoba

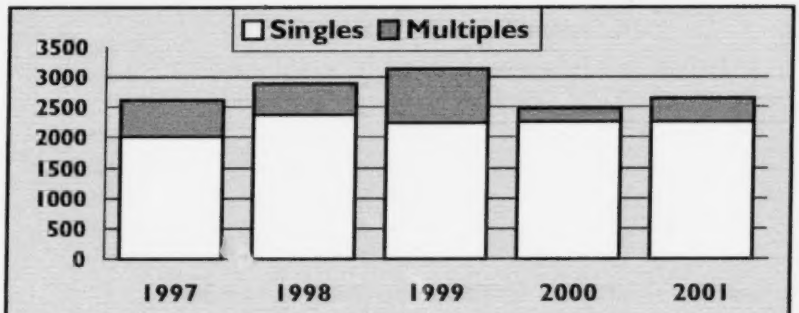
Overview

Starts point upward for 2001 as economy remains solid.

The economy is recording a solid performance so far this year. The unemployment rate is flirting with the five per cent mark, wage and salary gains are outstripping inflation, and retail sales and international exports are posting strong gains. As a result, the economy is forecast to grow about three per cent in 2000.

Due to continued strength of the U.S. and Canadian economies, economic growth in Manitoba will continue into next year: the province will have one of the Canada's strongest labour markets. Solid job prospects and wage gains should encourage spending on housing, as well as on other goods and services.

Manitoba Starts



Source: CMHC. 2000-2001 forecast.

The buoyant labour market should provide employment opportunities and continue to attract people to the province. In 1999, after 14 consecutive years of losing thousands of migrants each year, Manitoba recorded a net in-migration of 1,846 people. Positive net migration is forecast in 2001. Resulting household formation will boost the housing market.

Total housing starts will increase by 5.6 percent next year. Over half of this total will take place in **Winnipeg**.

In Detail

Single Starts: Single-family starts will finish the year ahead of 1999. Look for single starts in 2001 to improve upon this year's stellar activity, as steady employment growth and one of the lowest unemployment rates in Canada keep the demand for singles strong. Starts will reach 2,265 units in 2001.

Multiple Starts: Multiple starts are sluggish. Following 1999's ten-year high, multiple activity will dip 73 per cent to 245 starts in 2000. While multiple starts have risen recently, it is too early to determine whether the slowdown has ended. Nonetheless, starts should rebound to 370 units in 2001.

Resales: Manitoba's resale markets have been characterized by steady demand, limited choice, and short listing periods. MLS sales are expected to finish the year just shy of 11,000 units due to an ongoing shortage of listings. Sales will remain steady in 2001, as resale markets benefit from a strong labour market and additional listings.

Prices: After dropping 2.2 per cent in 1999 due to an increase in lower-end home sales, MLS average residential price will rise this year and next. A higher proportion of move-up buyers and a faster turnaround rate for sales will result in price growth of 4.1 per cent in 2000. Prices are expected to stabilize in 2001.

Spotlight on SENIORS HOUSING

Life-leases remain popular housing option for 55+ group

A recent CMHC report on life-lease housing in Manitoba discovered that this housing option continues to grow in popularity for Manitobans aged 55 and over. The study identified roughly 30 active life-lease projects distributed throughout the province, totaling 826 units. The market continues to expand and will add at least three new projects within the next six to twelve months.

An aging population will keep the demand for these types of units strong in 2001 and beyond.

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Ontario

Overview

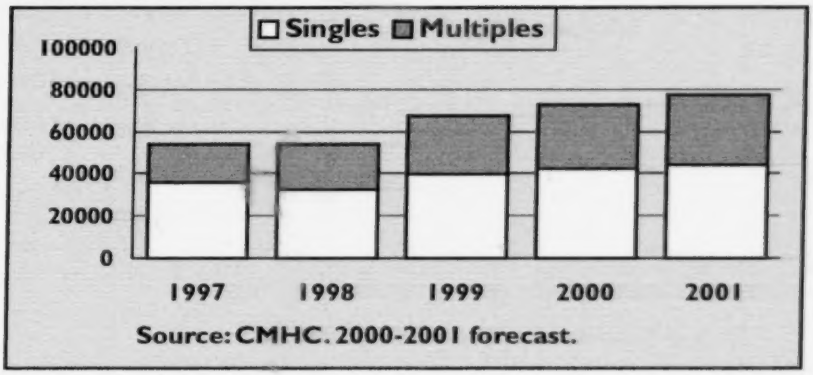
Post-strike construction picks up.

Housing starts picked up in the third quarter as construction accelerated following the April-May **Toronto**-area concrete drivers' strike. Multiple starts dropped the most when concrete was in short supply and similarly rebounded the most when concrete supplies resumed. Despite the robust recovery in the third quarter, the pace of construction was not as spectacular as at the beginning of the year.

Spillover demand from tight resale markets in a strong economy will boost this year's home starts to their highest level in eleven years. The demand for homes comes from strong job creation, which is attracting immigrants from abroad and job seekers from other parts of Canada. Ontario, which contains two fifths of the country's population, will account for just under half of Canada's housing starts.

Economic indicators are positive, although some are sending mixed signals. While the province's economy is chugging ahead, a recent dip in job creation in the U.S. has the potential to slow Ontario's booming export sector. Retail sales and manufactured good shipments have flattened, albeit at record levels. In addition, manufacturing industries have scaled back expectations of production increases, and the help-wanted index flattened at its highest level in ten years.

Ontario Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: The majority of new homes constructed will be single-detached dwellings. Demand for this most popular and most expensive form of housing is typically high when the economy is strong. Continuing moderate interest rates will add further to the demand for singles.

Multiple Starts: Multiple family starts will jump by eight per cent. The closest substitutes for singles, ownership multiples incorporating freehold land ownership will lead multiple starts. Condominium construction will edge lower this year, but remain at high levels. Rental construction will pick up, but stay low by historical standards. Ontario's youth population is growing moderately, adding to rental demand (see spotlight box on this page).

Resales: MLS home sales will end the year high, but slightly under last year's record level. **Ottawa**, Ontario's hottest market, will see significant increases in sales.

Prices: The average resale home price will rise two to three times faster than the general rate of inflation. Resale home price will jump the most in Ontario's hottest markets — **Ottawa**, **Kitchener-Waterloo**, and **Oshawa**. Home sales in these centres are outstripping the supply of new listings.

Generally tight to balanced resale market conditions across the province will cause new home prices to rise as well. Only the **Sudbury-Thunder Bay** New Home Price Index has exhibited weakness.

Spotlight on the RENTAL MARKET

Ontario's healthy economy, moderately growing renter-aged population, and strong in-migration have boosted demand for rental units. Doubled-up households tend to split apart in strong economies. Migrants tend to rent until they become established.

Vacancy rates are predicted to edge lower in all major Ontario centres except Toronto and Ottawa. In Toronto and Ottawa, where vacancy rates are already exceptionally low, the market will adjust through rent increases.

The Ontario Ministry of Municipal Affairs and Housing announced that rent increases of 2.9 percent will be allowed for occupied units in 2001.

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Quebec

Overview

Economic growth to stimulate market.

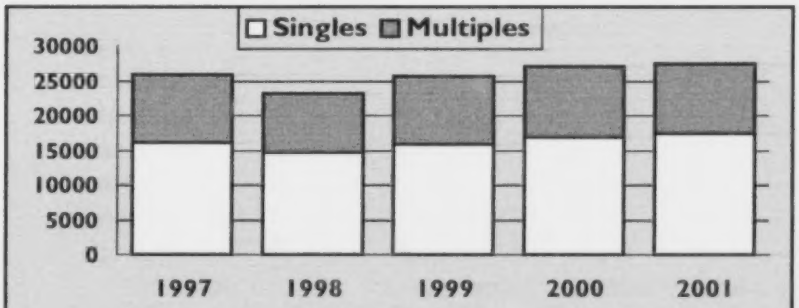
This year and next year, growth of the Quebec economy will stimulate the housing market. Starts will reach 27,000 units in 2000 and 27,500units in 2001. This will be the highest level since 1994.

In 2000 and 2001, gross domestic product is forecast to grow by 3.9 per cent and 2.8 per cent, respectively. The reasons for this growth are foreign trade and strong domestic demand. The slowdown expected for 2001 is attributable to the cooling of the U.S. economy, where 85 per cent of Quebec's exports are headed.

Vigorous job creation and tax reductions are generating gains in disposable income, which are bringing about increased consumption on the part of households. The unemployment rate should reach 8.1 per cent in 2000 and 7.7 per cent in 2001. Mortgage rates will remain favourable.

All these positive factors will drive up consumer confidence to its highest level in 10 years and thereby boost homeownership.

Quebec Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Rising new home prices and more limited choice on the resale market will boost construction in 2000 and 2001. Single starts are expected to reach 16,800 units this year and 17,500 in 2001.

Multiple Starts: Multiple starts will go up to 10,200 units this year. This increase is attributable to the rise in rental apartment starts (both conventional and retirement housing) across Quebec and condominium starts in **Montréal.** In 2001, however, Quebec will sustain a slight decrease in multiple starts, which should settle at 10,000 units. A small increase in new apartments will not be sufficient to offset a downturn in semi-detached and row housing starts, as these types of homes are not as popular in periods of growth.

Resales: Thanks to increases in employment and incomes and to favourable mortgage rates, resales will reach new records in 2000 and 2001.

Prices: The decrease in the number of properties for sale and a higher proportion of second-time buyers will put upward pressure on the average price of existing homes. Hikes of 3.0 and 2.5 per cent are forecast for 2000 and 2001, respectively.

Spotlight on the CONDOMINIUM MARKET IN MONTRÉAL AND QUÉBEC

In Montréal, the condominium resale market has been on a roll since 1996. Sales are up and the number of units for sale is steadily declining. As a result, in the second quarter of 2000, the market reached balanced conditions, with 10 sellers for every buyer. On the Island of Montréal, some neighbourhoods are even experiencing a seller's market with ratios as low as six sellers per buyer.

In the Québec metropolitan region, condominium resales have also picked up since 1996; however, we are still very far from a balanced market. In fact, in the second quarter of this year, there were just under 18 sellers per buyer.

This situation is obviously affecting starts. While condominium construction has been booming in Montréal since 1997, the volume in Québec is at its lowest level since the early 1980s.

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New Brunswick

Overview

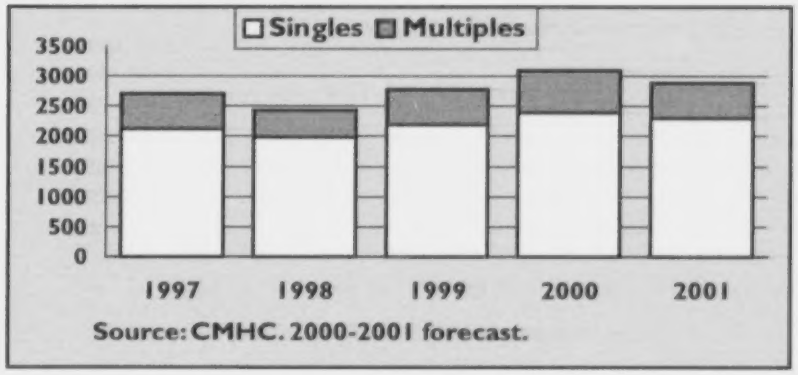
Stronger net migration helps boost housing demand.

Buoyed by a strong U.S. economy, manufacturing activity is on track for another stellar year in 2000, with shipments surging 28 per cent in January-June from the equivalent period last year. The service sector is also turning in a strong performance in 2000, led by rapid growth in the tourism and communications industries.

Increased strength in the manufacturing and service sectors is helping to maintain last year's hardy pace of expansion in 2000. By 2001, economic growth in New Brunswick will moderate to about 1.8 per cent as mega-project activity winds down.

Total employment grew by more than three per cent in 1999 and should post another gain in 2000, although at about half the pace.

New Brunswick Starts



Source: CMHC. 2000-2001 forecast.

Despite the slowdown, the unemployment rate is expected to fall below the 10 per cent mark, and to remain near that level over the forecast period.

Solid job creation has kept New Brunswickers from leaving the province. In 1999, the province posted a gain of 1,350 migrants, ending years of net losses. Stronger net migration will help boost housing demand for rental and homeownership markets this year. Net in-migration should persist through the forecast period.

In Detail

Single Starts: Builders in the larger urban centres will look back on 2000 as an exceptional year for homebuilding. **Moncton** will continue to lead the province in new home construction, with **Fredericton** not far behind. Strong economic recovery in **Saint John** will continue to support growing demand for new homes, although not to the levels experienced in the early 1990s.

Multiple Starts: Demand for condos and upscale apartments is growing in New Brunswick's larger urban centres. While empty nesters and seniors are driving demand, such units also appeal to young professionals attracted by abundent job opportunities. **Fredericton** and **Moncton** will lead the province in apartment construction this year and next.

Resales: Healthy demand in the resale market will push sales ahead of last year's record level. Positive net migration will continue to support this market. Homes are being snapped up at a brisk pace, and as a result, listings are declining. The limited supply of homes on the market will reduce sales slightly next year.

Prices: The combination of strong demand and limited supply will continue to boost house prices this year and next. Solid price gains will push the average sale price over the $90,000 mark in 2000 and still higher in 2001.

Spotlight on NATURAL GAS

Available to residents in the spring

Natural gas is coming to New Brunswick and will provide the benefits that millions of other Canadian households already enjoy. Work to lay the main lines is well under way.

Next spring, natural gas will be available to residents in the Greater Moncton area, Saint John, Fredericton, St. George, and Oromocto.

For the homeowner, being "gas-ready" could lower annual heating costs up to 30 per cent. This advantage will feature prominently in new subdivisions started next year.

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Nova Scotia

Overview

Higher-than-expected growth nudges housing forecast upwards.

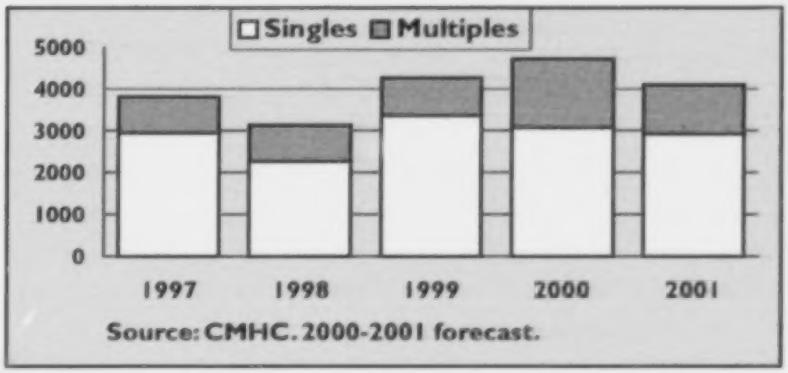
Employment in Nova Scotia will grow by 2.8 percent this year as strong natural gas demand has generated huge earnings for energy producers and accelerated exploration activity off the east coast. Though limited primarily to the **Halifax** metropolitan area, marine-related economic activity will reach an all-time high, boosting port traffic and tourism and spurring growth in various economic sectors.

Other areas of Nova Scotia will not be so lucky in the short-term as delays persist in the construction of natural gas distribution lines throughout the province and public sector cutbacks limit economic expansion. The long-term outlook looks more positive.

Buoyed by persistently high consumer confidence and continued net in-migration, starts of single-detached homes will drop only slightly from 1999's very strong level. A steady drop in the supply of available homes on the resale market, coupled with low rental vacancies, will ensure a strong performance for the new homes market.

Multiple-family housing development in **Halifax** will remain very active into 2001, with a number of projects slated to start in coming months. Also, look for pockets of activity in urban centres outside Halifax in response to growing demand from seniors and empty-nesters.

Nova Scotia Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Strong autumn starts in **Halifax** will nudge the singles forecast up slightly this year, but construction will not surpass 1999 levels. An increase in new home prices has not impaired demand, since less price-sensitive move-up buyers and executives are driving activity. Overall, starts will be hampered by a decline in activity in **Kentville**, **Truro**, and **Cape Breton**.

Multiple Starts: Low vacancy rates, rising house prices, and a growing move-down market will push multiple starts up dramatically this year. Developers have started to capitalize on growing demand from urban professionals and the senior/empty-nester market. Both groups seek upper-end accomodation accessible to services and activities in the urban core.

Resales: Sales through MLS will slow this year due to a drop in listings and a sharp increase in price. Move-up buyers will increasingly turn to the new home market, while many potential first-time buyers will opt to remain renters.

Prices: Listings shortages in the face of continuing demand will boost the average MLS price significantly in 2000 and again, albeit to a lesser degree, in 2001.

Spotlight on MULTIPLES

Developers react to pent-up demand

With vacancy rates at a ten-year low, and an increase in demand from both urban professionals and empty-nesters, developers have been busy adding new, upper-end rental and condominium units to urban areas of Nova Scotia.

Metropolitan Halifax has received the bulk of activity with several large developments occuring in scattered pockets of the urban centre. Much of the new rental development will target the market's upper end, while new condos will provide homebuyers with another housing option.

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P.E.I.

Overview

Buoyant labour market conditions to reflect strength of the economy.

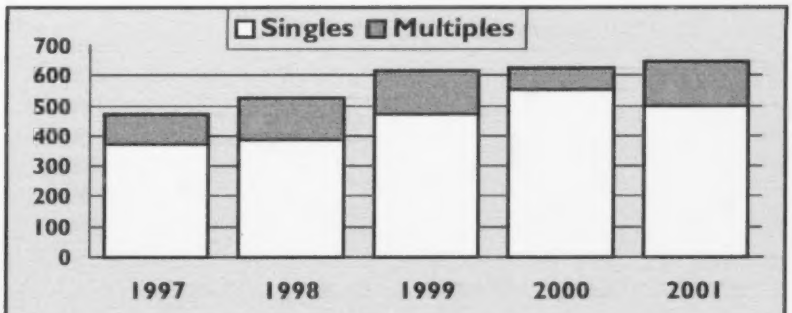
Strong performance by most of PEI's key sectors last year has carried momentum into 2000. Total employment is on track to rise well above four per cent this year before slowing down in 2001. The Island will benefit from substantial job growth in both the goods and service sectors, thanks to a more diversified economy.

Attractive labour market conditions will prompt more Islanders to look for jobs. However, since employment growth will more than match the jump in the labour force, look for PEI's unemployment rate to drop by two percentage points to 12.4 per cent this year and under 12 per cent in 2001.

A booming North American economy over the last few years will continue to stimulate manufacturing activity. Expansion of the aerospace and food processing sectors will lead impressive growth in manufacturing shipments again this year. A solid performance by most traditional industries, as well as an increase in non-residential investment spending across the Island, will further contribute to four per cent growth in the Gross Domestic Product this year. However, moderating U.S. economic growth, combined with a stronger Canadian dollar vis-à-vis the U.S. dollar, will result in slower economic growth in 2001.

A flourishing job market will continue to attract workers to the Island and maintain strong housing demand. Housing starts will reach 625 and 645 units in 2000 and 2001 respectively.

P.E.I. Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: The expansion of several key "new economy" industries will continue to generate major job opportunities and attract a significant influx of workers in to both rural and urban centres. High in-migration will cause single starts to reach 550 and 500 units in 2000 and 2001 respectively.

Multiple Starts: Despite tightening rental market conditions in **Charlottetown** and **Summerside**, developers currently focus on meeting demand for new single-detached homes. Construction of multiple accommodation is expected to drop to 75 units, well below last years' 144 units. Islanders will have to wait until 2001 to see multiple starts bounce back to 145 units.

Resales: Strong demand for existing homes in rural areas will outweigh a slight drop in sales in **Charlottetown** and **Summerside**, pushing MLS sales above last year's record. Sales should rise to 1,200 units this year, before dropping to 1,100 next year.

Prices: Sustained demand for existing homes in the **Charlottetown** area, combined with a shortage of houses available for sale at affordable prices, will raise the average sales price to $84,000 by next year.

Spotlight on CONSTRUCTION

Commercial investment remains strong

Construction of non-residential projects has been on the rise in both urban and rural areas, stimulating the provincial economy.

Summerside has experienced major growth since completion of the Confederation Bridge. This year will not be an exception, with commercial investment expected to exceed $100 million, thanks to a new hospital and expansion and clean-up of the harbourfront area.

Montague, Crowbush Cove and other rural areas will also benefit from construction of several new projects over the next two years to meet the needs of a booming tourism industry.

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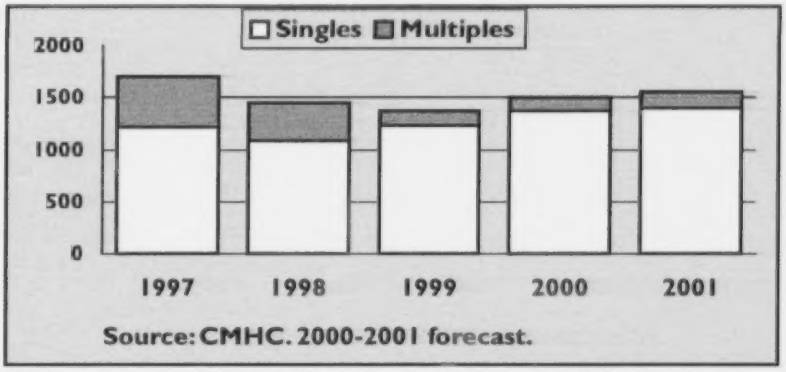
Newfoundland

Overview

Positive economic outlook bodes well for housing markets.

Largely supported by continued oil industry expansion, Newfoundland's economy should outpace the rest of Canada, growing at a rate of 5.5 per cent this year and next. Production from the Hibernia field should exceed 50 million barrels this year, up from around 36 million barrels in 1998, before climbing to around 65 million barrels in 2001. First oil from the Terra Nova field, expected start-up of the White Rose development, and increased exploration activity will also bolster the province's economic fortunes through 2001 and beyond. Manufacturing activity should steadily improve in line with increased output of both newsprint and iron ore. Momentum in the tourism industry, which is expected to post a banner year in 2000, will also continue into 2001.

Newfoundland Starts



Source: CMHC. 2000-2001 forecast.

Employment growth probably will not match 1999's blistering pace. Annual gains of around one per cent can be expected. Wage gains and income tax relief will support healthy income growth and continue to boost retail sales and other service-based industries. Continued disposable income growth and high confidence levels will also benefit housing demand prospects.

Despite the good times, out-migration will persist, albeit at a lower level than in the past decade. The recovery in rural economies will continue to lag the rest of the province, since most benefits are expected to flow to urban centres, particularly the **St. John's** region.

In Detail

Single Starts: Employment gains, particularly in the **St. John's** region, coupled with healthy income growth and shortages of resale homes, will stimulate single-detached starts this year and next. Demand will be further bolstered by movement of people into the **St. John's** region and a growing number of move-up buyers. This year should see single-detached starts post strong gains, with further more modest increases expected in 2001.

Multiple Starts: With the exception of the **St. John's** region, rental markets in most urban centres remain oversupplied. As a result, construction of rental stock will be minimal outside the capital, limiting any major recovery in multiple starts. Nevertheless, tightening rental market conditions within the **St. John's** region should lead to rent increases and prompt some investment in new supply. Initial investment is expected to target the expanding seniors population. Demand from seniors and move-up buyers will also support starts of condominium as well as mid-priced semi-detached and row units. Overall, multiple starts will increase in 2001 after a slight drop this year.

Resales: Favourable market conditions will push MLS sales to a new record this year. Sales will remain robust in 2001. The transfer of provincial government employees outside **St. John's** should result in modest MLS sales growth in **Central Newfoundland** next year.

Prices: With demand outstripping supply in certain sub-markets and move-up activity remaining strong, the average MLS price will reach record levels.

Spotlight on CONDO CONVERSIONS

Conversion of existing rental projects to condominiums in the St. John's region has been a major component of the local housing market in recent years. Strong demand, adequate supplies of vacant stock and attractive profit margins have driven this conversion activity.

CMHC estimates that as many as 1,200 rental units have been converted to condominiums over the past decade, with roughly half of these occurring in larger projects containing six or more units. The ensuing reduction in rental stock has been a major reason for tightening rental market conditions in St. John's. As supplies of vacant rental stock become more limited, conversion activity should moderate over the medium term.

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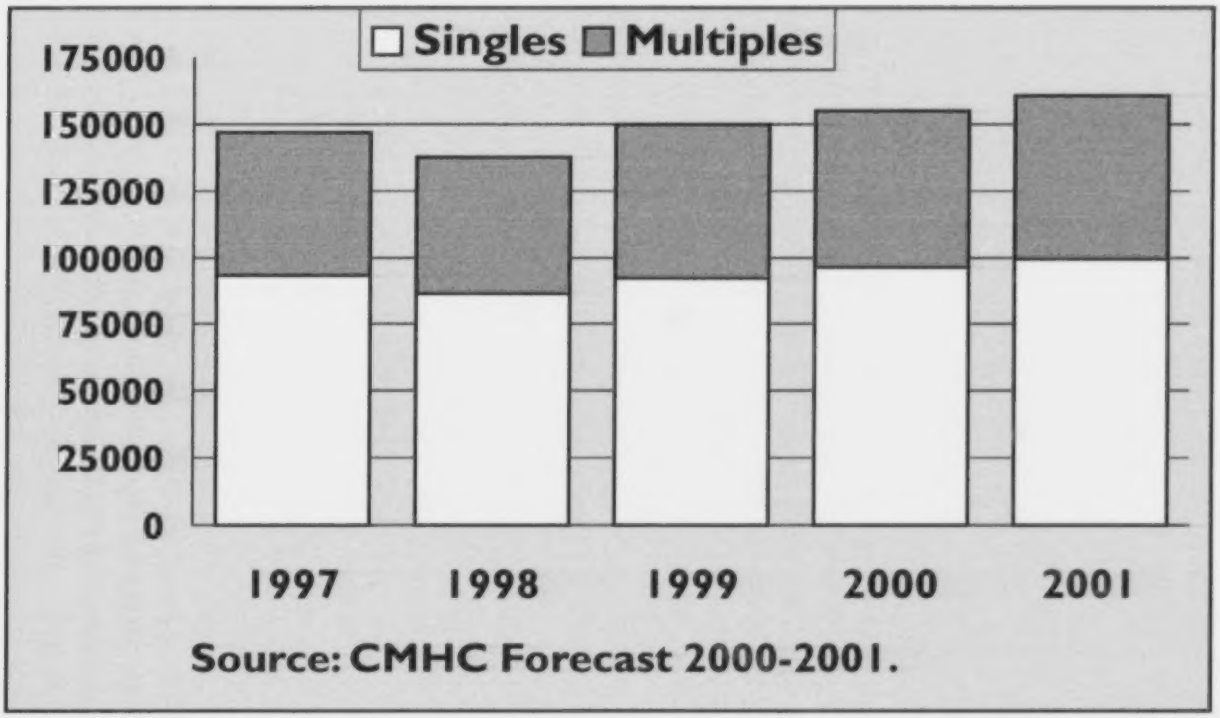
Canada Starts



Total Housing Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1712	2034	1696	1450	1371	1500	1550
%	-23.7	18.8	-16.6	-14.5	-5.4	9.4	3.3
PEI	422	554	470	524	616	625	645
%	-36.9	31.3	-15.2	11.5	17.6	1.5	3.2
NS	4168	4059	3813	3137	4250	4700	4100
%	-12.2	-2.6	-6.1	-17.7	35.5	10.6	-12.8
NB	2300	2722	2702	2447	2776	3100	2900
%	-28.2	18.3	-0.7	-9.4	13.4	11.7	-6.5
QUE	21885	23220	25896	23138	25742	27000	27500
%	-35.9	6.1	11.5	-10.7	11.3	4.9	1.9
ONT	35818	43062	54072	53830	67235	72500	77000
%	-23.2	20.2	25.6	-0.4	24.9	7.8	6.2
MAN	1963	2318	2612	2895	3133	2495	2635
%	-38.6	18.1	12.7	10.8	8.2	-20.4	5.6
SASK	1702	2438	2757	2965	3089	2700	2900
%	-18.9	43.2	13.1	7.5	4.2	-12.6	7.4
ALTA	13906	16665	23671	27122	25447	26100	26150
%	-21.4	19.8	42.0	14.6	-6.2	2.6	0.2
BC	27057	27641	29351	19931	16309	14100	15500
%	-31.3	2.2	6.2	-32.1	-18.2	-13.5	9.9
CAN	110933	124713	147040	137439	149968	*154800	*160900
%	-28.0	12.4	17.9	-6.5	9.1	3.2	3.9

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1165	1395	1220	1086	1233	1375	1400
%	-19.9	19.7	-12.5	-11.0	13.5	11.5	1.8
PEI	364	430	374	387	472	550	500
%	-19.8	18.1	-13.0	3.5	22.0	16.5	-9.1
NS	3040	3278	2939	2257	3345	3050	2900
%	-9.5	7.8	-10.3	-23.2	48.2	-8.8	-4.9
NB	1722	2173	2125	1989	2201	2400	2300
%	-32.4	26.2	-2.2	-6.4	10.7	9.0	-4.2
QUE	13428	14818	16073	14685	15798	16800	17500
%	-27.1	10.4	8.5	-8.6	7.6	6.3	4.2
ONT	20124	27019	35401	32737	39421	42500	44000
%	-33.0	34.3	31.0	-7.5	20.4	7.8	3.5
MAN	1564	1875	2019	2368	2231	2250	2265
%	-35.9	19.9	7.7	17.3	-5.8	0.9	0.7
SASK	1341	1612	1954	2154	2070	2000	2100
%	-13.0	20.2	21.2	10.2	-3.9	-3.4	5.0
ALTA	10096	12949	18170	20077	16688	17750	18300
%	-20.3	28.3	40.3	10.5	-16.9	6.4	3.1
BC	11581	12447	12911	8691	8731	7600	8000
%	-30.2	7.5	3.7	-32.7	0.5	-13.0	5.3
CAN	64425	77996	93186	86431	92190	*96300	*99300
%	-28.0	21.1	19.5	-7.2	6.7	4.5	3.1

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	547	639	476	364	138	125	150
%	-30.6	16.8	-25.5	-23.5	-62.1	-9.4	20.0
PEI	58	124	96	137	144	75	145
%	-73.0	113.8	-22.6	42.7	5.1	-47.9	93.3
NS	1128	781	874	880	905	1650	1200
%	-18.8	-30.8	11.9	0.7	2.8	82.3	-27.3
NB	578	549	577	458	575	700	600
%	-11.9	-5.0	5.1	-20.6	25.5	21.7	-14.3
QUE	8457	8402	9823	8453	9944	10200	10000
%	-46.3	-0.7	16.9	-13.9	17.6	2.6	-2.0
ONT	15694	16043	18671	21093	27814	30000	33000
%	-5.5	2.2	16.4	13.0	31.9	7.9	10.0
MAN	399	443	593	527	902	245	370
%	-47.2	11.0	33.9	-11.1	71.2	-72.8	51.0
SASK	361	826	803	811	1019	700	800
%	-35.1	128.8	-2.8	1.0	25.6	-31.3	14.3
ALTA	3810	3716	5501	7045	8759	8350	7850
%	-24.1	-2.5	48.0	28.1	24.3	-4.7	-6.0
BC	15476	15194	16440	11240	7578	6500	7500
%	-32.2	-1.8	8.2	-31.6	-32.6	-14.2	15.4
CAN	46508	46717	53854	51008	57778	*58500	*61600
%	-27.9	0.4	15.3	-5.3	13.3	1.2	5.3

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type

		1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NF	Semi-detached	72	141	158	163	50	30	40
	Row	40	40	18	20	9	40	40
	Apartment	435	458	300	181	79	55	70
	Total	547	639	476	364	138	125	150
PEI	Semi-detached	20	10	12	28	32	35	35
	Row	18	68	43	10	31	10	25
	Apartment	20	46	41	99	81	30	85
	Total	58	124	96	137	144	75	145
NS	Semi-detached	417	447	303	290	218	275	250
	Row	72	59	58	89	29	25	25
	Apartment	639	275	513	501	658	1350	925
	Total	1128	781	874	880	905	1650	1200
NB	Semi-detached	127	138	106	106	134	150	120
	Row	51	92	132	89	94	40	60
	Apartment	400	319	339	263	347	510	420
	Total	578	549	577	458	575	700	600
QC	Semi-detached	2264	2384	2767	1930	1586	1100	900
	Row	1046	1094	1433	1074	1184	1100	1000
	Apartment	5147	4924	5623	5449	7174	8000	8100
	Total	8457	8402	9823	8453	9944	10200	10000
ON	Semi-detached	2306	3348	4299	4575	6445	7800	8300
	Row	6175	8124	9964	10073	10425	10050	11400
	Apartment	7213	4571	4408	6445	10944	12150	13300
	Total	15694	16043	18671	21093	27814	30000	33000
MAN	Semi-detached	45	126	143	131	90	40	60
	Row	121	113	96	81	151	70	95
	Apartment	233	204	354	315	661	135	215
	Total	399	443	593	527	902	245	370
SK	Semi-detached	86	134	160	174	155	150	200
	Row	60	193	352	222	104	200	200
	Apartment	215	499	291	415	760	350	400
	Total	361	826	803	811	1019	700	800
ALB	Semi-detached	592	1049	1458	1428	1570	1370	1375
	Row	1340	1203	1691	1512	1424	985	1100
	Apartment	1878	1464	2352	4105	5765	5995	5375
	Total	3810	3716	5501	7045	8759	8350	7850
B.C.	Semi-detached	1607	1528	1979	1218	816	950	1000
	Row	2964	3364	3469	2117	1444	1450	1500
	Apartment	10905	10302	10992	7905	5318	4100	5000
	Total	15476	15194	16440	11240	7578	6500	7500
CAN	Semi-detached	7536	9305	11385	10043	11096	*11900	*12300
	Row	11887	14350	17256	15287	14895	*14000	*15400
	Apartment	27085	23062	25213	25678	31787	*32700	*33900
	Total	46508	46717	53854	51008	57778	*58500	*61600

Source: CMHC Forecast 2000-2001.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op Private	Rental/Co-op Assisted	Total Rental	Condo	Other*	Total 10,000+	Other Areas	All Areas Total
NFLD	1999	6	0	6	0	117	123	15	138
	2000	30	0	30	30	55	115	10	125
	2001	50	0	50	40	50	140	10	150
PEI	1999	94	0	94	0	30	124	20	144
	2000	25	0	25	0	35	60	15	75
	2001	85	0	85	0	35	120	25	145
NS	1999	571	0	571	0	164	735	170	905
	2000	1000	0	1000	350	150	1500	150	1650
	2001	675	0	675	250	150	1075	125	1200
NB	1999	284	0	284	58	185	527	48	575
	2000	420	0	420	110	120	650	50	700
	2001	400	0	400	60	100	560	40	600
QUE	1999	3444	0	3444	3456	1838	8738	1206	9944
	2000	3500	0	3500	3790	1710	9000	1200	10200
	2001	3700	0	3700	3420	1680	8800	1200	10000
ONT	1999	1313	0	1313	13184	13190	27687	127	27814
	2000	2900	0	2900	12350	14100	29350	650	30000
	2001	3200	0	3200	14200	14800	32200	800	33000
MAN	1999	455	0	455	301	8	764	138	902
	2000	100	0	100	65	10	175	70	245
	2001	150	0	150	130	0	280	90	370
SASK	1999	80	0	80	633	121	834	185	1019
	2000	50	0	50	470	100	620	80	700
	2001	75	0	75	550	100	725	75	800
ALTA	1999	1264	0	1264	5439	748	7451	1308	8759
	2000	850	0	850	5600	700	7150	1200	8350
	2001	800	0	800	5175	700	6675	1175	7850
BC	1999	1038	537	1575	5034	692	7301	277	7578
	2000	1000	800	1800	3675	700	6175	325	6500
	2001	1000	950	1950	4500	700	7150	350	7500
CAN	1999	8549	537	9086	28105	17093	54284	3494	57778
	2000	9875	800	10675	26440	17680	54795	3750	**58500
	2001	10135	950	11085	28325	18315	57725	3890	**61600

Source: CMHC Forecast 2000-2001.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1655	2005	2170	2288	2437	2550	2550
%	-11.6	21.1	8.2	5.4	6.5	4.6	0.0
PEI	476	750	806	1125	1184	1200	1100
%	-20.5	57.6	7.5	39.6	5.2	1.4	-8.3
NS	7019	8372	7567	8052	8827	8200	7900
%	-1.7	19.3	-9.6	6.4	9.6	-7.1	-3.7
NB	3496	4023	3941	4080	4376	4400	4200
%	4.7	15.1	-2.0	3.5	7.3	0.5	-4.5
QUE	29776	39135	43463	45192	49792	53400	55000
%	-11.2	31.4	11.1	4.0	10.2	7.2	3.0
ONT	104993	137921	140608	138463	148660	148000	154000
%	-8.8	31.4	1.9	-1.5	7.4	-0.4	4.1
MAN	9749	10965	11180	10762	11111	10995	11150
%	-9.9	12.5	2.0	-3.7	3.2	-1.0	1.4
SASK	7349	8689	8346	8068	8053	7600	7700
%	-1.5	18.2	-3.9	-3.3	-0.2	-5.6	1.3
ALTA	29098	37485	43693	43383	42684	43800	44300
%	-10.5	28.8	16.6	-0.7	-1.6	2.6	1.1
BC	58082	72182	68182	52910	58084	50000	54000
%	-22.8	24.3	-5.5	-22.4	9.8	-13.9	8.0
CAN	251693	321527	329956	314323	335208	*330100	*341900
%	-12.5	27.7	2.6	-4.7	6.6	-1.5	3.6

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	89525	93661	92226	91514	94359	100000	101500
%	-2.4	4.6	-1.5	-0.8	3.1	6.0	1.5
PEI	73803	83922	86403	79577	82139	83500	84000
%	-6.3	13.7	3.0	-7.9	3.2	1.7	0.6
NS	89788	93444	96693	97015	102628	108750	111000
%	-1.4	4.1	3.5	0.3	5.8	6.0	2.1
NB	83993	84198	87204	86648	88072	91000	92000
%	-0.2	0.2	3.6	-0.6	1.6	3.3	1.1
QUE	98685	98435	101715	103947	107501	110700	113500
%	-3.4	-0.3	3.3	2.2	3.4	3.0	2.5
ONT	154606	155662	164382	167115	174048	184000	191000
%	-3.5	0.7	5.6	1.7	4.1	5.7	3.8
MAN	81897	85318	85404	86419	84525	88000	88900
%	-2.2	4.2	0.1	1.2	-2.2	4.1	1.0
SASK	73796	77478	83978	87577	91396	94000	96000
%	1.5	5.0	8.4	4.3	4.4	2.8	2.1
ALTA	114772	117673	124865	132905	139621	145500	150600
%	-2.2	2.5	6.1	6.4	5.1	4.2	3.5
BC	221860	218687	220512	212045	215283	221750	225000
%	-3.3	-1.4	0.8	-3.8	1.5	3.0	1.5
CAN	150360	150837	154644	152366	158064	*163400	*169100
%	-5.0	0.3	2.5	-1.5	3.7	3.4	3.5

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Employment (annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1.1	-3.7	1.2	2.6	5.5	1.0	0.8
PEI	3.3	2.9	0.5	1.9	1.5	4.5	1.2
NS	1.0	0.2	1.6	3.8	2.4	2.8	1.0
NB	3.2	-1.2	1.5	2.3	3.3	1.5	1.0
QUE	1.5	-0.1	1.6	2.7	2.3	2.6	1.9
ONT	1.8	1.0	2.6	3.3	3.6	3.2	3.0
MAN	1.9	-0.1	1.3	1.9	1.3	2.1	1.5
SASK	0.8	-0.4	2.7	1.3	0.8	2.0	1.3
ALTA	2.8	2.9	3.5	3.9	2.5	2.3	2.1
BC	2.2	1.6	2.6	0.1	1.9	1.8	1.8
CAN	1.9	0.8	2.3	2.7	2.8	2.6	2.2

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.

Unemployment Rate (per cent)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	18.0	19.3	18.6	18.0	16.9	16.5	16.3
PEI	15.0	14.8	15.4	13.9	14.4	12.4	11.8
NS	12.1	12.3	12.1	10.5	9.6	9.1	9.0
NB	11.2	11.6	12.7	12.2	10.2	9.7	9.3
QUE	11.4	11.9	11.4	10.3	9.3	8.1	7.7
ONT	8.7	9.0	8.4	7.2	6.3	5.4	5.0
MAN	7.2	7.2	6.5	5.5	5.6	5.1	5.0
SASK	6.6	6.6	5.9	5.8	6.1	5.1	5.0
ALTA	7.8	6.9	5.8	5.6	5.7	5.2	4.9
BC	8.4	8.7	8.4	8.8	8.3	6.8	6.8
CAN	9.4	9.6	9.1	8.3	7.6	6.6	6.3

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.

Real Gross Domestic Product (annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	2.2	-3.3	1.5	6.2	5.3	5.5	5.5
PEI	5.5	1.4	0.5	1.0	3.0	4.0	2.3
NS	1.8	0.1	2.8	2.9	3.5	2.8	1.9
NB	2.9	1.7	0.7	2.3	3.7	3.5	1.8
QUE	1.9	1.4	3.3	2.6	3.5	3.9	2.8
ONT	3.7	1.6	4.4	4.3	5.4	5.2	4.6
MAN	0.6	2.1	3.7	3.3	2.2	3.0	2.6
SASK	1.4	2.5	5.1	1.3	2.0	2.5	2.5
ALTA	3.0	2.2	7.3	3.2	2.5	5.7	4.5
BC	2.2	2.5	1.7	0.2	1.6	2.4	1.8
CAN	2.8	1.5	4.4	3.3	4.5	4.8	3.5

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.
(E) Estimate. (F) Forecast.

Total Net Migration* (persons)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	-6886	-7934	-8410	-7753	-2148	-2500	-2750
PEI	558	595	-232	49	926	850	650
NS	1257	1599	532	307	3123	3100	2700
NB	-844	-620	-1220	-2163	1350	1200	1000
QUE	18279	5422	-2247	-210	4324	4525	3553
ONT	93096	84158	93348	70502	96648	110500	117000
MAN	-1216	-1476	-4174	-1355	1846	-50	1150
SASK	-1595	-588	-1469	500	-4541	-3600	-1800
ALTA	15582	24722	40644	48849	22961	19000	13000
BC	69005	67505	44631	7355	20418	30000	37000
CAN**	187236	173383	161403	116081	144907	161938	169874

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate structures of 3 units +
Victoria	1999	1340	531	-5.0	4670	246000		3.6
	2000(F)	1010	550	-2.0	4639	251000		3.5
	2001(F)	1200	600	1.0	4700	255000		3.2
Vancouver	1999	8677	3568	-4.0	22400	352800		2.7
	2000(F)	9000	4000	-1.0	21219	370000		2.7
	2001(F)	10500	4200	1.5	22358	377100		2.5
Edmonton	1999	6489	4075	2.0	13594	118871	A	2.2
	2000(F)	6400	4150	2.5	14000	124000	A	2.0
	2001(F)	6400	4300	3.0	13900	128000	A	2.0
Calgary	1999	10600	6613	4.7	20197	175500	A	2.8
	2000(F)	10600	7000	3.5	20100	176200	A	2.3
	2001(F)	10050	6900	3.5	20000	180500	A	2.6
Saskatoon	1999	1273	724	1.5	3039	108000	A	0.9
	2000(F)	1060	660	1.5	2700	114000	A	1.0
	2001(F)	1100	700	1.5	2900	117500	A	1.0
Regina	1999	573	403	3.5	2781	90000	A	1.4
	2000(F)	660	460	3.5	2730	94000	A	1.5
	2001(F)	675	475	3.5	2650	95000	A	1.4
Winnipeg	1999	1772	1204	1.6	10014	84504	A	3.0
	2000(F)	1365	1200	2.1	9700	89500	A	2.8
	2001(F)	1475	1225	2.0	9850	90400	A	2.6
Thunder Bay	1999	232	192	-1.0	1301	112316	A	7.5
	2000(F)	205	140	-1.0	1340	114000	A	6.5
	2001(F)	284	190	0.5	1363	116280	A	5.0
Sudbury	1999	199	131	-1.0	1744	105093	A	11.1
	2000(F)	126	120	-1.0	1894	110000	A	10.2
	2001(F)	167	130	0.5	1940	111500	A	9.5
Windsor	1999	2387	1761	0.6	5077	134490		2.7
	2000(F)	2380	1800	0.8	5075	136400		2.5
	2001(F)	2320	1750	1.0	5000	139500		2.1
London	1999	1773	1344	0.9	6720	131899		3.5
	2000(F)	1735	1280	2.7	6675	134750		3.0
	2001(F)	1970	1200	2.5	6800	136500		2.8
Kitchener	1999	2821	2002	1.9	4695	146495	A	1.0
	2000(F)	3500	2330	3.8	4700	156500	A	0.9
	2001(F)	3350	2375	3.7	4750	164000	A	1.2
St. Catharines-Niagara	1999	1485	1026	2.5	5547	125145		3.2
	2000(F)	1350	1000	5.1	5655	132025		2.9
	2001(F)	1335	980	3.5	5575	137300		2.7
Hamilton	1999	3923	1906	1.1	10543	158164	A	1.9
	2000(F)	3160	1850	3.2	10400	164500	A	1.7
	2001(F)	3100	1800	3.3	10290	169800	A	1.8
Toronto	1999	34904	15535	1.8	58957	228372	A	0.9
	2000(F)	37500	17000	3.0	57500	240000	A	1.0
	2001(F)	39250	16500	2.0	60000	247000	A	1.0

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate Structures of 3 units +
Oshawa	1999	2463	2150	n.a.	4454	155994		1.7
	2000(F)	3075	2450	n.a.	4500	166000		1.5
	2001(F)	3160	2500	n.a.	4600	170000		1.3
Ottawa	1999	4447	2837	2.6	11334	149626	C	0.7
	2000(F)	5610	3405	5.6	12565	158680	C	0.9
	2001(F)	6025	3830	5.1	13533	169000	C	1.3
Hull	1999	1185	640	n.a.	2630	95875	S	4.4
	2000(F)	1220	915	n.a.	3250	n.a.	S	2.8
	2001(F)	1315	985	n.a.	3600	n.a.	S	2.5
Montréal	1999	12366	6522	2.1	27935	125671	A	3.0
	2000(F)	13000	6900	3.0	29200	130000	A	2.5
	2001(F)	12000	6750	3.0	27500	134000	A	2.4
Trois-Rivières	1999	380	205	n.a.	887	74300		7.9
	2000(F)	310	170	n.a.	870	76500		7.4
	2001(F)	400	205	n.a.	870	78000		7.0
Sherbrooke	1999	645	305	n.a.	1029	88900	A	7.6
	2000(F)	470	290	n.a.	1080	90000	A	7.3
	2001(F)	500	320	n.a.	1200	91800	A	7.6
Québec	1999	1814	1165	1.7	5640	87384		3.3
	2000(F)	2225	1225	2.9	6390	89000		2.7
	2001(F)	2050	1225	3.0	5830	90800		2.5
Chicoutimi-Jonquière	1999	305	243	n.a.	768	81389	S	4.9
	2000(F)	300	190	n.a.	750	83500	S	5.5
	2001(F)	350	220	n.a.	700	85500	S	5.8
Saint John	1999	296	255	0.4	1530	88836	A	5.2
	2000(F)	385	325	0.4	1500	91600	A	3.8
	2001(F)	355	300	0.6	1400	92500	A	4.6
Halifax	1999	2356	1669	3.2	5853	118522	A	3.6
	2000(F)	2900	1550	3.5	5500	125000	A	4.7
	2001(F)	2450	1450	1.5	5300	127500	A	5.5
St. John's	1999	807	688	0.3	2298	95500	A	9.2
	2000(F)	925	800	1.1	2425	101000	A	5.5
	2001(F)	950	800	2.0	2425	102000	A	5.0
Charlottetown	1999	321	228	1.7	494	96760	A	5.0
	2000(F)	285	240	1.7	475	106000	A	4.0
	2001(F)	315	225	1.5	460	107000	A	4.3
ALL METRO AREAS	1999	105637	57922	0.9	235717			2.6
	2000(F)	110781	62000	3.2	236832			2.4
	2001(F)	112796	62135	2.5	239494			2.3

Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

T: Data from Teela

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2000.

n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	98:Q4	99:Q1	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2	00:Q3
New housing								
Building permits, units, thousands	148.3	157.4	153.2	158.3	168.6	167.7	145.0	..
%	0.8	6.2	-2.7	3.4	6.5	-0.5	-13.5	..
Housing starts, total, thousands	136.9	146.2	147.0	148.2	157.0	162.7	142.1	156.0
%	3.9	6.8	0.5	0.8	5.9	3.6	-12.7	9.8
Housing starts, singles, thousands	86.9	87.0	91.7	93.0	95.8	101.9	90.7	..
%	5.1	0.1	5.4	1.4	3.0	6.4	-11.0	..
Housing starts, multiples, thousands	50.0	59.2	55.3	55.2	61.2	60.8	51.4	..
%	1.8	18.4	-6.6	-0.2	10.9	-0.7	-15.5	
Housing completions, total, thousands	130.0	147.9	131.4	139.4	146.1	152.1	144.5	
%	1.2	13.7	-11.1	6.0	4.8	4.1	-5.0	
New house price index, 1992=100	100.3	100.3	100.6	101.1	101.8	102.3	102.9	..
%	0.1	0.0	0.3	0.5	0.7	0.5	0.7	
Existing housing								
MLS resales, units, thousands	307.4	324.9	347.9	340.4	321.6	346.7	330.0	..
%	-4.2	5.7	7.1	-2.2	-5.5	7.8	-4.8	
MLS average resale price, $C thousands	153.1	154.7	157.6	159.1	160.3	162.6	162.4	..
%	1.1	1.0	1.9	1.0	0.7	1.4	-0.1	
Mortgage market								
Mortgages outstanding, $C billions	398.8	401.4	406.4	411.2	413.3	420.3	427.9	
%	1.6	0.6	1.3	1.2	0.5	1.7	1.8	
Mortgage approvals, $C billions	70.9	80.1	87.3	79.4	66.5	67.9	..	..
%	-5.3	12.9	9.1	-9.1	-16.2	2.0	..	..
1-year mortgage rate, per cent*	6.37	6.42	6.45	6.97	7.35	7.63	8.03	7.90
5-year mortgage rate, per cent*	6.83	6.92	7.32	7.75	8.25	8.48	8.52	8.25
Residential investment**								
Total, $1992 billions	41.1	42.8	44.0	44.5	45.8	45.8	44.5	
%	0.6	4.0	2.8	1.2	2.8	0.2	-2.8	
New, $1992 billions	20.4	21.4	21.8	22.4	23.5	23.0	21.8	
%	2.2	4.7	2.0	2.5	5.0	-2.0	-5.2	..
Alterations, $1992 billions	13.6	14.2	14.4	14.2	14.8	15.2	15.3	..
%	1.0	4.5	1.5	-1.4	4.7	2.5	0.8	..
Transfer costs, $1992 billions	7.1	7.2	7.8	7.9	7.4	7.6	7.4	..
%	-4.3	1.2	7.6	2.1	-6.4	2.5	-2.9	..
Deflator, 1992=100	109.9	110.8	112.0	111.7	112.5	114.3	114.8	..
%	1.2	0.9	1.1	-0.3	0.7	1.6	0.4	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.